



Market futures unless indicated (Contract month)	Weekly Closing Price	Price / % Change from last week	Short- term trend	Long- term trend	Short-term price target	Long-term price target	Position Bias
EURUSD (Dec '15)	1.0775	+0.0025 /+0.02%	↓	→↓	<b>1.0870</b> , 1.0618	0.9794, 0.9520	short
GBPUUSD (Dec '15)	1.5240	+0.0204 /+1.33%	→↓	→↓	1.4992	1.4996, 1.4375, 1.4078	short
EURGBP cash	0.7063	-0.0073 / -1.02%	↓	→↓	0.6963	-	short
Crude WTI (Dec '15)	40.73	-3.56 /-8.03%	↓	→↓	<b>41.87</b> , 33.54, 27.11	17.88	short
S&P500 (Dec '15)	2018.50	-75.25 /- 3.59%	↑	↓	2113	-	-
Gold (Dec '15)	1083.4	-4.30/-0.03%	↓	→↓	-	1066.70, 1042.40	short
30-year Bond (Dec '15)	153 17/32	+1 17/32 /+0.08%	↓	↑	-	-	-

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**EURUSD:** Our 1.0870 target from a couple of weeks ago has been achieved. The currency pair is seriously damaged with everything pointing down strongly. While we may get pauses in the downdraft, these should be used to build on existing shorts. Any attempt to pick a bottom will most probably be met by a sudden reduction in one's net worth.

**GBPUUSD:** The longer term trend clearly showed its muscle. One can only think of entering from the short side.

**EURGBP:** This currency cross is resolving nicely southwards. Both trends are pointing solidly down (EUR weakness)

**Crude WTI:** This is a prime example of what can happen if one is positioned wrongly. Since our last writing two weeks ago when the price close was at 46.59, oil hit our 41.87 target and has also moved -12.57% on a closing basis! Much lower prices are in order.

**S&P500:** US equities remain psychotic and a great case in point of one of "not having a position, is a position"

**Gold:** I've kept writing on the importance of staying patient with gold. It is time to change tune and start thinking about the short side again. I can definitely see the metal trading <\$1,000. Gold always moves sharply, so manage risk carefully.

**30-year bond:** This market is now in transition and as such better to stay out until it tells us where it wants to go.

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## How to read the table

Market futures unless indicated (Contract month)	Weekly Closing Price (1)	Change from last week (2)	Short-term trend (3)	Long-term trend (4)	Short-term price target (5)	Long-term price target (6)	Position Bias (7)
EURUSD (Dec '15)	1.1241	+0.0038	→↑	→↓	1.1713, 1.1748, 1.1870	1.1713	-

- Weekly price close
- Change from last week
- Short-term trend
- Long-term trend
- Short-term price target
- Long-term price target
- This is not a recommendation to enter the market per se but rather a bias on the direction from which to enter if an appropriate trading/investment opportunity presents itself
  - When "long", we're thinking of entering from the long side
  - When "short", we're thinking of entering from the short side or at the very least we're out
  - When "-", then we're not thinking about this market

So looking at the above table we know that:

- EURUSD Dec 2015 future closed at 1.1241
- On a closing basis, EURUSD rallied 0.0038
- The short-term trend is side-up
- The long-term trend is side-down
- We have short-term price targets of 1.1713, 1.1748 and 1.1870
- We have long-term price targets of 1.1713
- We have no bias as to where this market is heading, hence we're not thinking about entering

## How to benefit from the analysis

*"The presumed positive relationship between risk and return is predicated on the assumption that there's no such thing as investment skill and value-added decision making. If markets are efficient and there's no skill, it's reasonable to believe that higher returns can be attained only through the bearing of increased risk. But if outstanding skill is present, there's no reason to think that it can't be used to create portfolios with low risk and high return potential." Howard Marks, Oaktree Capital Management L.P.*

Making money in the markets is not easy and requires second-level thinking. The main purpose of the analysis is to help one's decision process by being properly positioned in a market to avoid a big hit. "Staying in the game" is an absolute prerequisite for long term success and it's mostly overlooked by the public. Results will ultimately depend on execution, managing one's risk and emotions and the use of common sense.

### What it does

The analysis is based on a quantitative method. The sole purpose is to detect the trend – or lack of it – and to produce price targets (PT). What you read in the table is purely a quantitative output. However, the decision to trade/invest also depends on qualitative inputs, which is not the purpose of this write-up. At all times, remember that a market is in either of the 3 states below:

- Uptrend
- Downtrend
- Undecided

### Basic principles

- In an uptrend we're either out, long or looking to enter from the long side
- In a downtrend we're either out, short or looking to enter from the short side
- When there is no trend, we simply wait until the market tells us where it wants to go

When a market is in trend, then we get signals that produce PT. In an uptrend, the PT is higher than current price. In a downtrend, lower. The PT is in effect until achieved or negated.

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